

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:6074

ANSWERED ON:05.05.2003

BALANCING THE PRICES OF INDUSTRIAL AND AGRICULTURAL PRODUCTS

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Will the Minister of AGRICULTURE be pleased to state:

- (a) the steps taken by the Government to maintain balance between the prices of industrial products and agricultural produces;
- (b) the details of the subsidy given to industries; and
- (c) the measures taken by the Government to make agriculture remunerative vocation in view of constant increase in power and water tariff and agricultural equipments and also reduction in subsidy on agriculture?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI HUKUMDEO NARAYAN YADAV)

(a): According to the Wholesale Price Index (1993-94=100), the increase in WPI for the year ended April 19, 2003 in respect of agricultural commodities was 6.4% compared with 6.1% for non-agriculture products during the same period. The factors affecting supply and demand, especially seasonal variations including the behaviour of weather, have a larger role in the behaviour of agricultural prices, vis-a-vis, industrial prices. In order to ensure that the terms of trade between agricultural and non-agricultural sectors do not adversely affect the farmers, the Government has been announcing Minimum Support Prices for a number of important agricultural commodities.

(b): The subsidy schemes/package of incentives given to industries include transport subsidy, capital investment subsidy, interest subsidy and package of incentives for special category States, namely, Jammu & Kashmir, Sikkim, Himachal Pradesh and Uttranchal. Under the Transport Subsidy Scheme, subsidy ranging from 50% to 90% is admissible on transportation cost incurred by an entrepreneur on the movement of raw materials and finished goods from the designated rail-head/ports upto the location of industrial units and vice-versa, for a period of five years from the date of commencement of commercial production.

Under the Capital Investment Scheme subsidy @ 15% of the investment in plant and machinery subject to a maximum ceiling of Rs.30 lakhs is admissible to the units to be set up in the identified locations.

Under the Interest Subsidy Scheme for the North-Eastern Region, subsidy @ 3% is payable to the industrial units on the working capital loans.

Under the Central Comprehensive Insurance Scheme insurance premium paid by the eligible units is reimbursable through a revolving fund maintained by the nodal insurance company which is the National Insurance Company (NIC). All industrial units set up in the North Eastern Region after 24.12.1997 and included in fire policy 'C' (as per All India Fire tariffs) are eligible for subsidy under the Scheme.

(c): The Government ensures remunerative prices of agricultural produces to farmers through the mechanism of Minimum Support Prices which cover cost of production including reasonable margin of profit.